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PROSPECTS FOR FUTURE INSTABILITY IN THE ALLIANCE

by

Bonita Anne Goodwin
December, 1993

Principal Advisor:
Associate Advisor:

Ralph H. Magnus
Robert E. Looney

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The United States, Saudi Arabia, and Arms: Prospects for Future Instability in the Alliance

by

Bonita Anne Goodwin
Lieutenant, United States Navy
B.A., Hampton University, 1986

Submitted in partial fulfillment
of the requirements for the degree of

MASTER OF ARTS IN NATIONAL SECURITY AFFAIRS
FROM THE
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December, 1993

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ABSTRACT

The primary purpose of this research is to examine Saudi Arabia's relationship with the United States as it pertains to Arms. In examining this bi-lateral relationship, the research will attempt to answer two questions:

First, what is the United States government's view on arms sales to its allies and how does it effect Saudi Arabia?

Secondly, since the Reagan administration, Persian Gulf War, and the demise of the U.S.S.R, what factors of instability within Saudi Arabia, may be indicators, that the U.S. should re-evaluate its Arms policy.

The methodology used will be a historical and economic assessment of U.S. and Saudi Arabian Arms relationship, with particular focus on the economic and political weaknesses within Saudi Arabia, and implications they may have for instability in the region.

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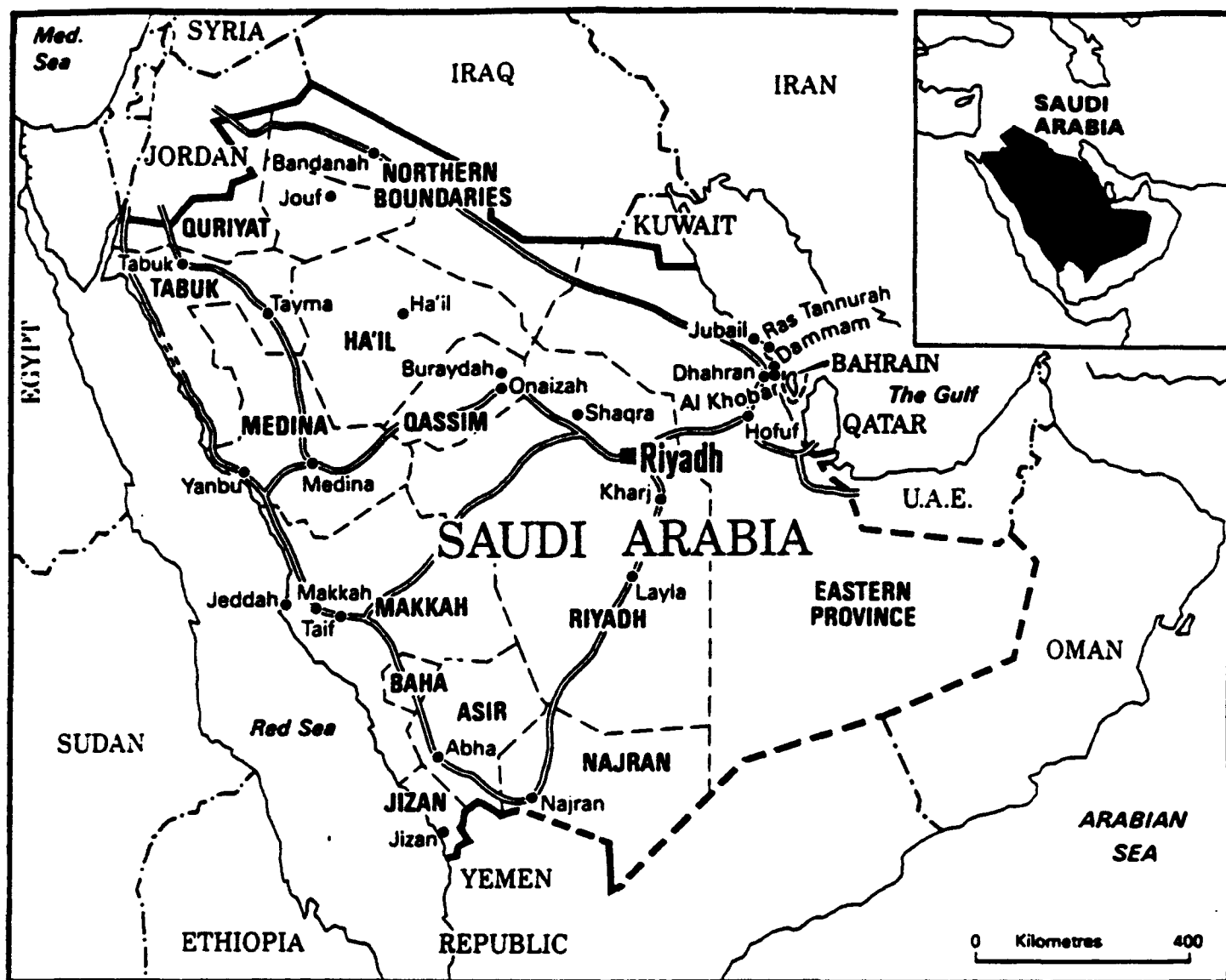
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Finally, the views, opinions, and conclusions in this thesis are those of the author and should not be construed as the position of the Department of Defense, United States Navy, or any other government agency.



I. INTRODUCTION AND THE FORMATION OF THE HOUSE OF SAUD

Saudi Arabia and the United States have in the past sixty years developed a special relationship based on mutual goals and security interests. The relationship has for the most part been mutually rewarding to both nations, however, during brief periods in our histories, our policies and actions seemed to antagonize and perplex the other. Yet Saudi Arabia's need for U.S. assistance, our need for access to the region and its oil, have seen this relationship mature, into a close militarist alliance. Evidence that this relationship continues to be reinforced, was seen in 1990/91, when the U.S. and Saudi Arabia cooperated in the Persian Gulf War.

In order to understand the impetus behind Saudi Arabia's all consuming drive for security we must first look at the conditions in which the nation was formed

A. BIRTH OF A NATION

The foundation of the al-Saud monarchy had its beginnings in the simple union of two men with common visions; Muhammad ibn Abd al-Wahhab and Muhammad ibn Saud.

1. Wahabbism

Eighteenth century Saudi Arabia was the combination of a vast and virtually undefined land mass, that was inhabited

by many nomadic tribal groups. These groups often competed and fought with one another for territory, power, profit, and various tributes.

The tribal based demographic structure of Saudi Arabia has been an asset to the regime contributing significantly to the stability of the political system¹

It was in this environment that the Wahabbi brand of Islam was first inspired.

Muhammad ibn Abd al-Wahhab was a religious preacher. "He was born in 1703 in the town of Uyaynah into the Banu Sinan tribe."²

As an adult Mohammed bin Abd al-Wahhab abhorred what he saw as the moral degeneration in his society, and advocated a return to Islamic purity. This stringent form of Islam held as one of its fundamental tenets:

a return to simple and pure beliefs, austere living and strict application of the law of early Islam. It condemned prevalent saint worship, animistic rituals, indulgence in

¹Adeed Dawisha., Saudi Arabia's Search for Security (Britain: Eastern Press LTD, 1980), P. 13

²Muhammad bin Abd al-Wahabbi was considered a child prodigy and was encouraged by his family, who had a number of noted legal scholars on Islamic law in it, to study Islam. They sent him to study at the finest religious schools in Mecca, Medina, and Bashra. Influenced by fourteenth century scholar Hanbal Taimiya who advocated a return to the Quran and the Sunna. He also stated that primary sources of error were the bida (innovations) that had gained acceptance since the establishment of the Islamic community. Muhammad bin Abd al-Wahhab only accepted the Quran, the Hadith (selected readings on the prophets life,) and the Tafsir (interpretations of ibn Kathir and al Baghawi) see pg 106, 8 for more information Richard F. Nyrop, ed., Saudi Arabia : A Country Study (Washington D.C.: U.S. Government Printing Office, 1985), p.21

luxuries such as smoking, music, wearing of silk, and laxity in the application of Qoranic prescriptions and penalties ³

Some of the other tenets of Wahhabism are:

- Reassertion of unity with god (Tauhid) and brotherhood of all believers
- condemnation of all forms of Shirk (vices e.g., saint worship, smoking, alcohol etc.)
- emphasize the omnipotence of God
- absolute submission to God
- all believers are equal and united in the umma (community)⁴

The zealous manner in which Muhammad bin Abd al-Wahhab preached against these vices, the local religious leaders, and governing authorities of his time, did nothing to endear him to his town, and eventually he was expelled. In 1744, he was to meet a man of equal ambition and vision and together they would form the foundation for the modern state of Saudi Arabia

³These vices were called shirk and those who engaged in these type activities were considered to be living in a state of Jahaliyah (state of ignorance) Nadav Safran, Saudi Arabia: The Ceaseless Quest For Security (Ithaca: Cornell University Press, 1988), p.9 See Nyrop., p.106 for more information on the Ikwhan

⁴Wahhabis object to the being referred after Muhammad bin Abd al-Wahhab because it implies undue elevation of the sects founder. They refer to themselves as tauhid or muwahhidun (people of unity or Unitarians) and the movement as al dawa al najdiya (The Najd call) Nyrop., p. 106,7

2. Mohammed ibn Saud

...For centuries the pattern of political loyalty in the tribal community was hierarchial with authority focused on the sheikh, or tribal chieftain... the sheikh acted as the central authority, the final arbiter of power, and the ultimate dispenser of justice.⁵

Muhammad ibn Saud was just such a man. He was the sheikh of a small tribe in Dar'iyah. His encounter with Muhammad bin Abd al-Wahhab led to an agreement by both parties to be obedient to god and to rid the surrounding countryside of its vices. The quest for power and a return to Islamic purity (Wahhabism) was the foundation of the Saudi Kingdom, but it was also a catalyst for internal and external conflicts, that saw the loss of power of the al-Saud family through inter family competition and external invasion.

B. MODERN SAUDI ARABIA

The modern state of Saudi Arabia is only sixty-one years old. Abd al-Aziz (Ibn Saud), was the twenty year old son of Abd al-Rahman who was the architect of modern Saudi Arabia. After the second loss of power of the al-Saud family in 1884 Ibn Saud decided to regain his ancestral claim and in a surprise attack reclaimed Riyadh. Through sheer determination, meticulous use of the principles of his religion, and militarism he reconstructed the rule of the al-Saud family. In his efforts to ensure stability of the regime, he began to

⁵Dawisha., p.13

establish tenets that would later define Saudi Arabian foreign policy in the future.

First the development of a diplomatic style that was based on a traditional and

tribal code of ethics, usually characterized by ambiguity, discretion, a penchant for covert action, use of proxies, attempts to buy allies, and avoidance of confrontation with the appeasement of powerful opponents⁶

The complex national character of modern Saudi Arabia can be attributed to its adherence to Islamic principles, historic regional rivalries, and the diverse regional politics created with the end of world war I.

The dissolution and division of the Ottoman Empire between Russia, Great Britain, and France, was a watershed event in the history of the Middle East that had two significant results:

First it, transformed the Middle East, from provinces with a virtual uniform political entity, and centralized administrative authority, to regions and states with diverse political status.⁷

⁶Nadav Safran, Saudi Arabia: The Ceaseless Quest for Security (New York: Cornell University Press, 1988) p.111-12

⁷The division of the Ottoman territory under the Sykes-Picot agreement gave Russia Constantinople, a few miles hinterland on either side of the Bosphorus, and Eastern Anatolia, France reserved the greater part of Syria, Southern Anatolia, and Mosul, and Great Britain claimed a southern portion of Syria, Iraq, and the ports of Haifa and Acre. Palestine was reserved for special international administration. This secret document was a violation of pledges made by Sir Henry McMahon to Sharif Husain, that if Husain would form an alliance with Great Britain, and lead a revolt against the Turks, Great Britain was prepared to give mutual assistance, recognize Husain as Caliph, and grant Arab independence to all Arabs in the regions proposed by the Sharif. George Antonius, The Arab Awakening (Lebanon: Librairie Du Liban, 1969)p. 325

Secondly, the formulation of five new states:

...The Kingdom of Hejaz (King Husain), the sultanate of Najd and its dependencies (sultan Abdul-Aziz Ibn Saud), the imamate of the Yaman (Imam Yahya), the territory of Asir (the Idrisi Muhammad), and the principality of Shammar (Ibn Rashid).⁸

The creation of these states was not without its problems, boundary and religious disputes, caused tension in the relations between the states. Ibn Saud saw increased dangers in a post Ottoman world for Saudi Arabia. Security threats involving two of his neighbors, as well as problems from internal elements, made unification of his new kingdom problematic.

...danger from the direction of Jabal Shammar had increased as the war gave the Turks a strong interest in reinforcing their Rashidi allies, and a new much more serious threat had developed from the Hijaz as a result of The British decision to invest massively in an alliance with the Sharif Hussain. Both problems were complicated by renewed tribal rebellions family dissension, and unrest stemming from the disruptions caused by the British blockade, and by extremist pressures from the fanatic Ikhwan fighters.⁹

Muhammad ibn Saud possessing much more influence and military power than King Husain and his other neighbors

⁸ Ibid., p.326

⁹ The development of the Ikhwan was an attempt by ibn Saud to transfer the loyalty of the Bedouin tribes from one tribal leader to the House of Saud, instill Wahhabi principles, and have a readily available standing army. He later had to disband them in order to preserve the kingdom due to their penchant for violence. see Safran., p. 36,7

systematically began to overpower his opponents and consolidate his Kingdom.

This began with the overthrow and annexation of Shammar, the taking of Asir as a protectorate, and eventually the Kingdom of Hejaz.¹⁰

Due to this fractious and conflict ridden early history Saudi Arabia's monarchy, is constantly pursuing policies that will enhance the security of the country externally, and insure its own internal stability. Because their history has been dominated by issues of preservation of the newly established kingdom, there is a propensity to secure the means and the method that would ensure a heightened sense of security. This constant need for security permeates all facets of Saudi society and continues to have a profound and long lasting influence on the country to this day.

The successors of Ibn Saud while still dealing with succession issues gave their primary attention to the preservation of the kingdom from Iraq and Jordan. This required the securing of allies (British & American) to aid them in their defense build up. The use of petro dollars was to become central to this endeavor

¹⁰Nadav Safran, Saudi Arabia : The Ceaseless Quest For Security (Ithaca: Cornell University Press, 1988), p.44,47,49

C. DISCOVERY OF OIL

The constant defense of the kingdom, left the Saudi treasury depleted.

With the onset of the Great Depression, the flow of pilgrims to Mecca slowed to a trickle, this annual event was the major source of the King's revenues. Bills went unpaid, salaries of civil servants were six to eight months in arrears, and Ibn Saud's ability to pay tribal subsidies, which constituted one of the most important glues bonding a disparate kingdom, caused unrest to develop throughout his realm¹¹

This coupled with the fact that the British government "held a conference in Kuwait of Arab leaders under her subsidy, and informed them the subsidy would stop"¹², forced Ibn Saud to look for other means of investment, most expectedly he turned to the west. Influenced by the exploration for oil in other areas of the Arabian peninsula, Ibn Saud sought to grant a concession to a foreign company for oil exploration in Saudi Arabia.

Jack Philby a British merchant in Jidda and a friend of the King, recommended Charles Crane, and in 1931 the Saudi exploration project began.¹³

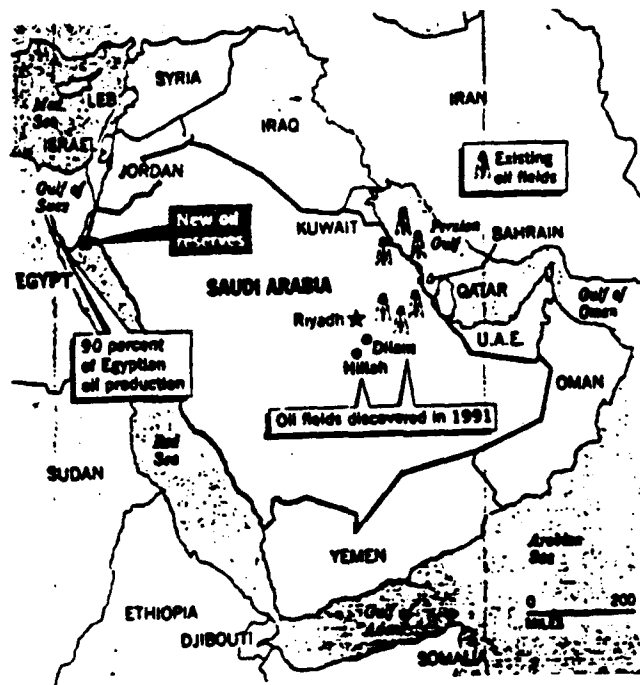
¹¹Daniel Vergin, The Prize: The Epic Quest for Oil, Money, and Power (New York: Simon and Schuster, 1991) p. 286

¹²Sydney N. Fisher, William Ochsenwald, The Middle East A History (New York: McGraw-Hill Publishing Company, 1990), p. 547

¹³Fisher and Ochsenwald., p. 288

The kingdom still needed a large lump sum of cash in advance which bogged down negotiations, however

by May 1933, the final draft of the concession agreement between Standard oil of California (SOCAL) was signed. The agreement entitled the Saudis to received 175,000 in gold in advance, 18 months later 100,000, and another 500,000 when SOCAL discovered oil in 1938.¹⁴



Source: Washington Post¹⁵

¹⁴Yergin., p. 291, 300

¹⁵Saudi Arabia today is the worlds largest exporter. It continues to increase its share of the worlds oil market, with its 1991 discovery of Hillah and Dilam oil fields), Thomas W. Lippman, "A Desert Kingdoms Growing Oil Dominance," The Washington Post, 18 March 1993, p. c 15 col 2

World War II (WWII), saw Saudi Arabia struggle financially, although oil was now bringing in more money, it was still not enough to maintain Ibn Saud's vast empire, particularly...when much of it was being squandered due to inefficient banking methods and lavish spending¹⁶

In the post war era, Saudi Arabia fared much better due to European demand, however it was so great, Ibn Saud soon realized more pipelines would have to be built to fulfill all requests.

In 1947 work was started on a new pipeline and by 1950 the 1,068 mile line was completed, giving Saudi Arabia the capacity to produce 300,000 to 500,000 barrels a day.¹⁷

Ibn Saud's treasury was now increasing and his financial problems were abating. When it came time for the signing of a new concession he was able to bargain from a position of strength. He saw that he was not being paid the full value for his oil and so in 1950 a new concession with the Arab American Oil Company (Aramco) was negotiated.

In it Saudi Arabia would get four gold shillings at an eight and a quarter rate per ton; a 20 % tax on Aramco profits, and certain duties and taxes or 50% of Aramco profits whichever was greater. This was retroactive to the first of January. Increasing 1950 royalties from 60-90

¹⁶Fisher and Ochsenwald., p.550

¹⁷Fisher and Ochsenwald., p.551

million. This forever changed the way oil royalties were determined in the Middle East.¹⁸

Upon Ibn Saud's death he left a dynasty one that has fought, cajoled, and co-opted its enemies. It has established its legitimacy internally and throughout the region. It is this monarchy that the United States has formed an enduring strategic alliance with in the Gulf.

¹⁸12

¹⁸Ibid., p.551

II. UNITED STATES AND SAUDI ARABIA

A. U.S. AND SAUDI RELATIONS

The United States relationship with Saudi Arabia began and until recently was strengthened by three main strategic concerns:

- Oil
- Stability in the region to ensure continued access to that resource
- Contain Soviet expansion into the region

These goals became more critical with the British decision to relinquish the last remnants of its control over the Arabian Peninsula in 1968. As British influence in the Persian Gulf region diminished, the United States role with many of the Gulf countries, particularly Saudi Arabia increased. Preventing the Soviet Union from gaining the capability to deny access to the resources in the Gulf, became a central focus in U.S. national security planning. From the U.S. perspective:

... the Soviet Union had much to gain and very little to lose by instigating and exploiting tensions in the Gulf. The west, notably the United States and Great Britain, has been the status quo power, with significant interest and influence at stake and great vulnerability of dependence on Gulf oil...access to Gulf oil is but of marginal interest to the Soviet Union in terms of its own future

energy needs, the ultimate concern has been the sufficient Soviet control of that oil by whatever variety of means: as to alter critically the east-west strategic balance¹⁹

Clearly the U.S.S.R. could not be allowed to have freedom of operations in the Gulf, this would undermine U.S. initiatives in the region. The United States realized that its oil and strategic interests were best served when regional conflicts were at a minimum.

The Anglo-American strategy strived for these ends, via methods that included both diplomatic exhortation and providing civilian and military technology²⁰

While oil remains of vital interest to the U.S., the demise of the Soviet Union has made the environment in which nations interact significantly different. No longer is it a bi-polar system, with the United States and Soviet Union as opposing superpowers, each with its list of regional proxies, and the U.S. solely concerned with Soviet expansion into the Middle East. The U.S. must presently concern itself with a multi-polar system that is less stable, due to numerous regional powers who have various and sundry conflicts, that make relations between them more fractious and unpredictable.

The United State's Arms policy was tailored for Cold War realities. Military Assistance for our allies was an integral part of that policy, as President Reagan stated in a 1981 directive:

¹⁹Joseph W. Twinam, "U.S. Interests in the Arabian Gulf", American Arab Affairs no. 21 (Summer 1987): 13

²⁰Twinam., p. 3

the United States must not only strengthen its own capabilities, but be prepared to help its friends and allies to strengthen theirs through the transfer of conventional arms and other forms of security assistance²¹

Saudi Arabia became a major beneficiary of U.S Arms policy. This chapter will seek to examine U.S. national security make up and mutual interests between the two countries.

B. THE UNITED STATES AND NATIONAL SECURITY

1. Grand Strategy

The Grand strategy approach has greatly influenced U.S foreign policy in the Middle East. This policy entails a formulation that "embraced the full range of political, economic, and military factors. It also sought to integrate policy functionally and geographically²²

The following are some core concepts that are indicative of the United States Grand Strategy in the Gulf:

- Strategic planning is not limited to the operational and logistic dimensions of the use of force; it involves the full range of political, economic, and military instruments(e.g., political persuasion, and the use of force etc)

²¹Roger P. Labrie, John G. Hutchins, Edwin W.A Peura, and Diana H. Richman, The U.S. Arms Sales Policy: Background Issues, (Washington: American Enterprise Institute for Public Policy Research, 1982), pp.15

²²I.O. Lesser., "Oil, the Persian Gulf, and Grand Strategy: Contemporary Issues in Historical Perspective", (CA: The Rand Corporation, 1991), pp.3

- theaters of conflict (or potential conflict are not considered in isolation. A broader strategic milieu is critical important in determining range of options
- the strategy must reflect factors important to national security. (e.g. judgements of potential adversaries vulnerabilities, which are dependent upon factors of internal political, social, and economic cohesion)²³

The U.S. Grand strategy which focuses on long range planning, has been quite successful and advantageous when applied to its relations with Saudi Arabia. The applicability of this strategy to Saudi Arabia and its subsequent placement at the forefront of U.S. strategic planning in the Middle East, was due to its fulfilling four important criteria used in determining policy for the region:

- role in assuring national security
- place in assuring economic prosperity (i.e., oil)
- place in strategic perceptions of U.S. and potential adversaries
- ability to promote/hinder U.S. objectives in the region²⁴

This strategy is important if the U.S wishes to stay abreast of events in the region in which it has diverse interests (i.e. oil, passage through vital waterways, commercial enterprises etc.)

With the end of the Cold war the U.S. must take into account risk associated with sustained involvement in a country, its diminished force and fiscal capabilities, and

²³Lesser., p.3

²⁴Lesser., p. 6

reciprocity (assistance politically and economically from our allies for financial and military assistance rendered). The latter issue of reciprocity is crucial when examining the relations of the U.S and Saudi Arabia.

the Saudis tend to take liberties with parties whose strategic interests are locked with theirs. In some cases, that tendency merely takes the form of trying to get a free ride on the other party's endeavor to protect its interests²⁵

In order to accomplish this evaluation, the U.S must first determine what were the mutual interests that helped to forge the relationship, and what has significantly changed since the Cold war and the Gulf war, that may warrant a shift in our Grand strategic alliance with the Kingdom.

C. MUTUAL SECURITY AND REGIONAL INTERESTS

1. Communism

The United States role as one of the leading global powers and world opponent of Communism was a goal that was mutually compatible with the Saudi regime. The House of al-Saud whose foreign policy style is quiet and who is typically reticent about overt support of western allies, was vigorous in its pursuit of any signs of Communist infiltration into the region. This was quite acceptable to the U.S., but the Saudis

²⁵A key example of this behavior is the Saudis relying on the United States to check Soviet threats and to secure navigation in the Gulf, while refusing to contribute anything themselves. Or the cutting of oil production in 1979 even while counting on the U.S. to continue to fulfill those strategic functions Safran., p. 456

resolve was attributed, as it always is, to its own security concerns. The fact that its agenda was synonymous with U.S. plans for the region was an added plus, however the opposition of Communism would have been pursued by the Saudi regime even if it were not a priority or national security concern for the U.S. The Saudis perceived Communism as diametrically opposed to their governing style for two primary reasons:

First, the belief that Communism was disruptive; aiming to undermine the conservative status-quo powers such as Saudi Arabia... Secondly, it was atheistic and consequently anti-Islamic ²⁶

The Saudis generous financial aid program on the peninsula has been an attempt to curtail or prevent the expansion of Communism. Most of the states receiving the aid were on her borders (Yemen, Oman, Bahrain etc.), so it was a policy that was in her best interest to pursue virulently.

2. Security

At the root of the relationship is the concern for stability which culminates in states desire to align themselves with other states that can enhance their security posture. For the United States the Saudi connection was and continues to be important for several reasons:

²⁶Dawisha., p.20

the Red sea and Suez canal, the Persian Gulf and the flow of oil, the Indian ocean and Soviet Naval strategy east of the Suez Canal, the Arab-Israeli conflict ... and U.S. military presence in the region²⁷

Clearly this was not a unilateral relationship but a symbiotic one, where concern for oil and Soviet expansionism created an atmosphere where both parties prospered from their closer association.

²⁷Emile A. Nakhleh., The United States and Saudi Arabia: A Policy Analysis (Washington D.C. : American Enterprise Institute, 1975), p. 49

III. THE UNITED STATES, SAUDI ARABIA, AND ARMS

A. Patterns of Development

While the scope of this research deals specifically with the time frame 1980 to 1993, the pattern of development of the Arms relationship between the U.S and the Saudi Kingdom did not mature in a historical vacuum, the seventies and the administrations that presided over that decade were the forerunners of the Arms policy that the U.S. presently operates under.

The early seventies under the Nixon administration, saw a U.S arms policy that was a direct result of lessons learned in the Vietnam war about U.S. intervention in foreign countries.

the Nixon Doctrine declared that the U.S would respect its treaty commitments and continue to help its friends and allies, through military and economic assistance, but would look to the nation directly threatened to assure the primary responsibility for providing the manpower for its defense²⁸

By the mid-seventies Saudi Arabia along with Iran was already viewed as vital to U.S national security. In fact the two countries were considered the twin pillars of the Middle East, bastions of stability for the peninsula, regional policeman against Soviet expansion, and protectorate of U.S. interests. President Nixon's policies on arms sales were very

²⁸Labrie, Hutchins, Peura, and Richman., p. 8

broad, especially when it came to supplying arms to Iran. Saudi Arabia received military and economic assistance but it did not compare to the access the Shah of Iran enjoyed. These transfer of arms to the Middle East were often criticized domestically but went virtually uncontested.

The latter part of the seventies under the Carter administration saw an arms policy fraught with good intentions but overcome by the political realities that are inherent in the Middle East. The Carter administration was against the Nixon administration free use of arms as a foreign policy tool. One of his first directives was:

a call to place controls on transfers to all nations except members of the North Atlantic Treaty Organization (NATO), Japan, Australia, and New Zealand.... conventional arms sales would become an exceptional foreign policy implement, to be used only in instances where it can be clearly demonstrated that the transfer contributes to U.S. national security interests ²⁹

The Carter doctrine while instituting some constraints really did not change the military assistance or arms sales policy from the previous administration significantly. The Shah of Iran up until the overthrow of his monarchy in 1979, still had carte blanche access to U.S arms and the Saudis were making incremental increases in their weapon purchases.

²⁹ Carter felt that since the United States was the premier arms producer, constraints on our production would slow down the arms race and ease tensions in the Middle East,. This policy was generally referred to as Unilateral restraint because it did not take into account the arms manufacturing capability of the other nations specifically the U.S.S.R. Ibid., p. 10

1. 1980's

The United States Policy that dictated the direction and tenor of relations with Saudi Arabia, in the eighties was the Reagan doctrine. The United States had recently come through some very disastrous foreign policy failures in the Middle East. One pillar of stability in the region, the Pahlavi regime in Iran was overthrown by Islamic Fundamentalists, an oil crisis that sent shock waves through the domestic economy, and several American hostage and terrorist incidents. In addition to this the Soviet Union was feared to be achieving strategic parity with the U.S. and expanding into Middle Eastern areas such as Afghanistan.

This left Saudi Arabia as the other pillar to bear the brunt of U.S. policy, a task they were all too willing to perform, as it further increased her influence in the eyes of the international community and the region. This reliance on the Gulf states, particularly Saudi Arabia was a major influence on the Reagan administration who leaned toward an:

Arab-centric view that moderate states of the Gulf - Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates presented the backbone of U.S. security interests in the Persian Gulf region³⁰

The Reagan administration's policies differed considerably from the Carter administration in several key areas:

³⁰Eric Hooglund., "Factions behind U.S. Policy in the Gulf" Middle East Report (March-April 1988):31

- that the Soviet union is the largest arms supplier and therefore arms sales are necessary to counteract the Soviet threat
- arms sales are not a precursor of instability but are means in which governments can maintain internal and regional peace
- unilateral restraint was detrimental to U.S. national security as it opened the door for U.S. competitors to undermine the industry and gain influence in the Middle Eastern region
- that a vital and imaginative defense industry was integral to our defense and national security interests³¹

The latter half of the eighties under the Bush administration was a continuance of the Reagan doctrine. However it was the invasion of Kuwait by Saddam Hussein, that seemed to cement and validate all the years of increased interactions and cooperation between the two countries.

The Persian Gulf war cut across the sacred notion of Arab unity, Islamic brotherhood, and respect for another nations sovereign rights. The division that the Gulf war caused between the Arab states and the unequivocal support that the Saudi regime gave the U.S. was a clear departure from its typically reticent security policies.

2. 1990's

The post Gulf war environment sees both the United states and Saudi Arabia having to reckon with some of the consequences (economic and political) associated with the massive arms transfer required to eliminate the security

³¹Labrie, Hutchins, Peura, and Richman., p. 16

threat posed by Saddam Hussein. It is yet too early into the decade and the Clinton administration, to discern any clear divergence from the Reagan/Bush administration's policies concerning arms and prospective foreign sales. However, the U.S. defense industry has several large contracts with Saudi Arabia which are critical to their economic survival, if they are to remain competitive and viable entities in the future, particularly in this time of defense cutbacks.

B. ARMS SALES

Historically Saudi Arabia sought to align itself with countries that wielded great military power and influence. It wasn't until the great transfer of wealth from the western nations to the oil producing nations of the Middle East, that Saudi Arabia was able to afford a modern security force. Saudi Arabia's defense expenditures have increased annually, even during the economic stagnant periods, when the bottom dropped out of the oil market, Saudi Arabia continued to place a high priority on the attainment of sophisticated weapons.

Due to this one tract focus on arms procurement, particularly in the eighties, the Saudi Kingdom has become "the largest recipient of U.S. military sophisticated weaponry"³²

1989				1985-89 Cumulative			
Country	Arms Imports			Country	Arms Imports		
	In Millions of Dollars	As a Percent of World Total	Percent Change 1985-89		In Millions of Dollars	As a Percent of World Total	
Saudi Arabia	4 200	9.27	11	Saudi Arabia	23 200	9.05	
Afghanistan	3.800	8.38	485	Iraq	22.500	8.78	
India	3.500	7.72	35	India	16 200	6.32	
Greece	2.000	4.41	567	Iran	10 100	3.94	
Iraq	1.900	4.19	-59	United States	10 000	3.90	
United States	1 600	3.53	-11	Afghanistan	9.750	3.80	
Japan	1 400	3.09	40	Cuba	8.700	3.39	
Iran	1.300	2.97	-32	Vietnam	8.300	3.24	
Vietnam	1 300	2.87	-13	Syria	7 100	2.77	
Cuba	1.200	2.65	-50	Israel	6 025	2.35	
Turkey	1 100	2.43	144	Angola	5 950	2.32	
Syria	1.000	2.21	-38	Soviet Union	5 900	2.30	

At the root of the issue of arms sales, lies a sovereign nations concern with security. In Michael Howard's The Causes of War he makes the observation that:

the causes of war remain rooted in the perceptions of statesmen of the growth of hostile powers and fear for the restriction, if not extinction of their own. The threat or rather fear has not changed whether it comes from dreadnoughts, number of men under arms, or missile systems³³

³²"Saudi Arabia"., Frontline, 16 February 1993
Table III-1 U.S. Arms Control and Disarmament Agency 1991

³³Michael Howard., The Causes of War,
(Cambridge: Harvard University Press), p.21

as long as these perceptions exist and the attainment of ever increasing numbers of sophisticated weaponry are considered to be a sign of prestige and strength, nations will pursue them at all cost.

Arms sales are more than just commercial ventures, they are instruments of foreign policy. They are also:

- instruments of diplomacy used to build closer relations with the U.S. or foreign avoid a foreign nations deterioration
- a means to buy influence and unseen leverage for use at critical times when the U.S. needs the support of foreign powers
- they are symbolic; sales to certain countries have far reaching implications for other countries (i.e., the selling of weapons to Saudi Arabia is viewed unfavorably by Israel and vice a versa)
- signals alliance building or joint military ventures indicates greater commitment by the United States in providing military training, equipment, ammunition, and overall military and technological support"³⁴

most important is the degree of probability that:

when a foreign nation is significantly dependent on the United States arms and becomes engaged in a conflict, it can force the United States into difficult choices ³⁵

This last statement was proven valid with the United States involvement in the Persian Gulf war. Saudi Arabia's purchase of the most advanced weaponry, did not stop it from asking for U.S assistance in repelling Iraq's challenge.

³⁴Barry M. Blechman., The Politics of National Security, (New York: Oxford University Press, 1990), p.112

³⁵Ibid., p. 112

The Saudi military force due to limited personnel have always required many U.S. military personnel, and technicians to run its military equipment. With few skilled personnel to operate these sophisticated weapons, the U.S. is in many ways inextricably tied to the Kingdoms conflicts. This weakness highlights a serious dilemma, the Saudis need a strong military to protect their interests in the region, yet they fear strong military will be an internal security threat. So they pursue numerous arms and if a regional conflict arises "rush sufficient manpower to fortify the location and hold on until the Americans arrive"³⁶

C. U.S ARMS SALES AND SAUDI ARABIA

The increase in profitability of arms sales is ideal to those entities involved from a solely commercial perspective. However, when nations become involved in arms sales, the issue can not be compartmentalized, politicization is inevitable,

³⁶ The Saudi military is made up of two distinct groups; the regular forces (the Army, Navy, and Air), whose mission is to defend the monarchy from foreign threats and the National Guard who protects the House of Saud from internal threats. The National Guard are descendants of those who fought in Abdul Aziz 's bedouin army and the former are drawn from the urban classes. The upper echelons of the military structure are reserved for the royal family. Occasionally there is some degree of tension and rivalry between the two factions of the Saudi military. Yet in the perception of the monarchy it is better to have them divided against themselves were they can be managed, rather than united against the monarchy. Sandra Mackey., "The Billion Dollar Two Bit Army", The New York Times, 15 August 1990, p. B7

and the outcome of arms decisions are affected by various economic and political factors.

1. The Decision Making Process

The procurement of arms by a foreign nation typically goes through four phases:

- **U.S. Defense Survey** - surveys are done on requesting nations. They are typically in response to a regional threat. These surveys are used to assist the U.S. in making recommendations on what weapon systems would best meet that nations security need
- **Interagency reviews** - this agencies mission is to evaluate the recommendation of a particular weapons system, this will result in two other interviews:
 - **Disclosure interview** - determines the extent of classified information required for the sale. This task is coordinated between National Disclosure Panel (NDP) chaired by the chairman of the Joint Chiefs of Staff (JCS), in concert with members of the State, Defense, and JCS military departments. Its mission is to evaluate the recommendations and ensure it is advantageous to U.S. interests
 - **Interagency Policy Review** - examines issues such as can the country afford the military equipment, can it integrate it into its existing force, how will the arms transfer effect the regional military balance, and the potential impact on U.S. readiness
- **National Security Council Review** - significant sales are reviewed for final recommendation to the President
- **Congressional Notification and Review** - mandated under section 36(b) of the Arms Export Control Act (AECA). It requires that congress be notified at least 30 days prior to an issuance of a letter of offer³⁷

³⁷Craig M. Brandt., ed., Military Assistance and Foreign Policy (Ohio: Department of the Air Force, 1990), p. 114-17

In the process to determine arms policies and the eventual allocation of weapons, all players are aware that the stakes are high, and that their are tangible (i.e., arms, training, and money) and intangible (i.e., influence, power, and access) benefits to be gained.

The fact that the Saudi Government is the major recipient of U.S. arms in the eighties does not mean that there were not concerns on U.S. sales to the Kingdom. Many of these concerns focused on:

the lack of agreement in supporting the Camp David Peace Accords, perceived threats to Israeli society, purchase of weapons from other nations, and possible third party transfer of missiles....³⁸

The issue of profit vs U.S. national security interests is one the U.S. confronts frequently, particularly, in the present environment where arms control and non-nuclear proliferation rhetoric are the politically correct positions to advocate. The United States needs a clearer policy and posture on arms. Advocating arms control while at the same

³⁸U.S. Committee on Foreign Relations, Arms Policies in the Persian Gulf and Red Sea Areas: Past, Present, and Future, (Washington D.C. : U.S. Government Printing Office, 1977), p.39 Saudi Arabia has in the past shown the inclination to purchase from other countries such as China, Brazil, France and Britain. Also in 1986 Saudi Arabia sent U.S. manufactured bombs to Iraq despite it being in violation of agreed upon arms transfer rules. There is also speculation that they may have sent Patriot data to China. I suspect that this is another incidence where security concerns were paramount over U,S, interests and formal agreements. for more information see "Saudi Arabia sent U.S. made bombs to Iraq in '86 Despite Transfer Limits"The Wall Street Journal 20 April 1992 p. A12 and "Saudis deny sending Patriot data to China," Los Angeles Times 30 March 1992, p. A9

time being the worlds second leading arms exporter points at the duplicitous nature of our policy. The following table clearly identifies this weakness³⁹

1989				1985-89 Cumulative			
Country	Arms Exports			Country	Arms Exports		
	In Millions of Dollars	As a Percent of World Total	Percent Change, 1985-89		In Millions of Dollars	As a Percent of World Total	
Soviet Union	19 600	43.14	15	Soviet Union	102 200	39.86	
United States	11 200	24.65	1	United States	60 600	23.64	
United Kingdom	3 000	6.60	100	France	18 300	7.14	
France	2 700	5.94	-50	United Kingdom	14 500	5.66	
China-Mainland	2 000	4.40	196	China-Mainland	8 275	3.23	
West Germany	1 200	2.64	-14	West Germany	6 400	2.50	
Czechoslovakia	875	1.93	-45	Czechoslovakia	6 100	2.38	
Israel	625	1.38	-14	Poland	5 700	2.22	
Sweden	575	1.27	174	Israel	3 155	1.23	
Canada	410	.90	-25	Italy	2 840	1.11	
North Korea	400	.88	14	Canada	2 735	1.07	
Poland	400	.88	-59	Bulgaria	2 185	.85	

Saudi Arabia in the eighties was a major purchaser of military hardware from the United States and from 1984-88 was second only to Iraq in arms purchases.⁴⁰

Country	Arms imports, 1984-88 (billions of U.S. dollars)	Total armed forces, 1990 (thousands)
Iraq	29.7	1,000
Saudi Arabia	19.5	67
Iran	10.5	504
Syria	8.3	404
Egypt	6.4	450
Israel	6.1	141*

³⁹ Table III-2 Arms Exports of Leading Exporting Countries
Source: U.S. Arms Control and Disarmament Agency (1991)

⁴⁰ Table III-3 Countries that Drive the Arms Race
Sources: U.S. Arms Control and Disarmament Agency 1989-90 p.9
World Military Balance 1990-91, Human Development Report 1991

2. Anti-Warning Aircraft (AWAC)

The most controversial arms deal of the eighties was the 1981 sale of the Anti-Warning Aircraft (AWAC) missile package to Saudi Arabia.

a. 1981

Saudi Arabia had been lobbying The Carter administration in 1979 for the sophisticated aircraft however, it was put on a low priority due to election and campaign issues. With the advent of the Reagan administration the Saudis again renewed their request for F-15 equipment updates and AWACS. The Administration agreed to both requests, however it tried to link the purchase with a foreign policy initiative called strategic consensus:

due to concern with soviet expansion, the administration attempted to form a defensive framework in the Middle East to counter these threats...provide a forum for them to work through regional conflict... The arms deals was supposed to provide an inducement to rally around this policy⁴¹

The Congress after a heated debate on the weapon sale voted to oppose the sale. This was a direct result of Crown Prince Fhad's negative statements about the Camp David Accords, U.S. policy on the Palestinian issue, and support for Israel. It was the increasing danger and regional conflict that eventually turned congress around and at the end of 1981 they approved the sale of the weapons to Saudi Arabia.

⁴¹Safran., p.328

In 1986 when the planes were ready for delivery, congressional opposition again flared up as members were not pleased with the Saudis support of the PLO and anti-Israel stance. As California Senator Alan Cranston who led the campaign stated:

That we (congress) want to make it clear that it is no longer in the national interest of the U.S. to sell advanced weapons to a nation that consistently scorns American interests⁴²

The 1981 agreement had an addendum to it that stipulated that in order for the approval of the sale certain guidelines must be followed by the Saudi Government:

- take more definitive steps in providing leadership to facilitate negotiations in the Arab/Israeli peace process
- condemn support of terrorist activities and governments that engage in these activities (Libya, Syria, PLO etc.,)
- protect AWAC technology
- operation of the aircraft in only Saudi territory ⁴³

After a close vote and a lot of political capital expended by President Ronald Reagan, the delivery of the planes to Saudi Arabia were approved.

This upward trend of weapon procurement was to continue until 1989 when expenditures for weapons skyrocketed.

⁴² By a vote of 73-22 Congress approved measures to block the sale of the weapons to Saudi Arabia Congressional Quarterly, "Both Chambers say no to Saudi Arms Deal," May 10, 1986 P. 1020

⁴³ "Saudi Arabia" Middle East Contemporary Survey, Vol. X 1986, p. 565

The advent of the Gulf War saw the Saudis out pace their Gulf neighbors in weapons procurement (cost in millions of U.S. dollars)⁴⁴

Country	Weapon Systems	* Cost
Bahrain	Tanks, reconnaissance electronics	37
Egypt	trucks, Jet Fighters, advanced ammunitions and bombs, surface to air missiles	1,070
Israel	Antiballistic Missiles, jet fighters, transport helicopters	468
Kuwait	Air base upgrade, Antiballistic missiles, surface to air missiles	1,850
Morocco	jet fighters	250
Oman	armored personnel carriers	150
Saudi Arabia	Jet fighters, air to air missiles, tanks, advanced ammunition and bombs, surface to air missiles, antitank missiles, reconnaissance electronics, attack helicopters, surface to surface rockets, tanker aircraft, tactical vehicles, antiballistic missiles, armored personnel carriers, transport aircraft	25,700
UAE	Attack Helicopters, antitank missiles, air to surface missiles, transport aircraft	737
Total		32,362

b. Future Aspects of Arms policy and sales

Arms sales for the United states and many other nations is a lucrative commercial export market, that has an impact on their domestic economy. The Gulf war took its toll on Saudi Arabia and other countries in the Middle East. "Arms

⁴⁴Table III-4 U.S. Arms Sales to The Middle East 1990-92
Source: New World Orders: "Arms Control Today" vol 22 (September 1992) p. 36-7

sales in the past few years, have fallen but the region still accounts for 21 percent of the world market"⁴⁵

In the future the United States will have to contend with proliferation of nuclear arms in the region (Israel) and those seeking to acquire them (Iran and Iraq). The demise of the U.S.S.R. has provide a vast array of sources in which these nations can purchase weapons, and upset the fragile balance in the region.

Iran's purchase of Russian Kilo class submarines and missile boats from China... have the Gulf states, particularly Oman and Saudi Arabia, indicating their desires to strengthen their Anti-Submarine warfare capabilities to counter the threat⁴⁶

These issues will force the U.S. to analyze and weigh the pros, cons, and viability of arms control initiatives versus maintaining our present flexible policy of arms to our allies. This is particularly important in light of some signs of stress being exhibited by Saudi Arabia internally and externally.

⁴⁵Edward D. Schafer RADM., "Naval Intelligence Annual Posture Statement" Office of Naval Intelligence code N2, (12 May 1993), p.14

⁴⁶Ibid., p.16

IV. POTENTIAL AREAS OF INSTABILITY IN SAUDI ARABIA

From its very inception the house of Saud has been single minded in their pursuit of stability. As history has repeatedly shown,

the most fundamental value of the Saudi regime is security, both its internal and external threats, and the maintenance of domestic, political and social stability.⁴⁷

The realization that past conflicts within the ruling family over regional power, wealth, and territory only served to at the very least weaken their control of the country and at its most extreme case total loss of control, has had a lasting impact on each government since the reign of Muhammad ibn Saud.

Internal stability is sought through the vigorous centralization of political control, so that maintenance of the authority of the ruling elite tends to pervade almost all political activity inside the kingdom.⁴⁸

Since the creation of the modern state under Muhammad Abdel-Aziz, there has been a clear understanding that there are two fundamental threads that hold together this diverse polity:

⁴⁷Adeed Dawisha, Saudi Arabia's Search for Security (London: The International Institute for Strategic Studies, 1979), p. 6.

⁴⁸Ibid., p.6

- adherence to Islamic principles
- maintaining their reputation as a champion of Islam

If Saudi Arabia loses its prestige as protector of the holy places of Mecca and Medina, and as a bastion of pure Islamic values, the regime will also have lost much of its credibility and legitimacy.

This claim to legitimacy is crucial as Saudi Arabia is one of the few remaining absolute monarchies and thus more vulnerable to internal and external pressures, than are nations who citizens are afforded more political participation. It has been in large part their oil wealth and economic development that has permitted the government to ameliorate the strains associated with the transformation of their society into a modern economic and social structure.

A. SOCIO-POLITICAL

Currently there are several areas of potential instability in the political and economic spheres that could threaten the current governments control.

1. Internal

One cannot study the Middle East, without discussing the profound impact religion has had on these societies and the institutions they established. Unlike western Democracies, there is no conceptual framework for Arab nations of separation of church and state. Saudi Arabia is no exception,

for them as well as many other Arab states religion and government are inextricably bound.

Islam as a motivator of Saudi policies and a purveyor of Saudi-elite attitudes is particularly potent. While other Moslem countries can boast thriving civilizations that pre-dated the advent of Islam... Saudi Arabia's cultural heritage and historical legacy is traceable to the Islamic civilization alone.⁴⁹

Islamic principles are strictly adhered to in the everyday lives of Saudi citizens and visitors alike. Even neighboring states have been influenced by the Saudi's stringent Wahhabi religious beliefs.

When Saudi Arabia is displeased with one of her neighbors a more puritanical enforcement of Islamic principles is its typical response⁵⁰

Even with all the attention paid to ensuring the ruling family and elites are perceived as righteous and just in their rule, there have always been critics of the regime. Currently, the primary challenge to the Saudi government is posed by the Islamic revivalist movements which denounce hereditary monarchies as un-Islamic and castigate the al-Saud family as corrupt custodians of Islam's holy places.

⁴⁹Dawisha., p.9

⁵⁰Saudi Arabia's vast oil wealth has allowed it to fulfill her self proclaimed role as protector of the faith and foster obedience to Islam. This social pressure is facilitated through the giving or withholding of her foreign aid, Dawisha., p.10

a. Islamic Activism

Various groups have used the Islamic religion for the promotion of views on everything from morality to politics. Typically these movements oppose non-Islamic government, however, in the case of Saudi Arabia, it is an issue of one group believing it is more Islamic than another.

The demographic characteristics of this group are extremely diverse:

these Islamic organizations have attracted the educated and professionals (teachers, engineers, lawyers, scientists, bureaucrats, the military). Many of the leaders of the Islamic organizations are graduates of major universities from faculties of medicine and engineering. Modern technology has been harnessed by both conservative clergy and political activist alike ⁵¹

According to John Esposito an author on several books on Islamic resurgence including The Islamic threat, many of these groups have different beliefs, ideology, and methods on how to attain revise or overthrow the current group in power, yet there are some similarities in their beliefs:

- Islamic activists believe that dependence on or imitation of the west has been responsible for a failure of political systems throughout much of the Muslim world
- Modernizing reformers are accused of encouraging the westernization and secularization of Muslim societies, a blind pursuit of "valueless" social change

⁵¹ John Esposito., The Islamic Threat: Myth or Reality? (London: Oxford University Press, 1992), p.10

- They reject politico-military dependence on the west⁵²

For these Islamic groups all that is wrong with society can be attributed to a moving away from the virtues and principles of Islam. For them Islam becomes the panacea to correct all ills in society, via the infusion throughout society with Islamic principles.

The Islamic groups in Saudi Arabia are relatively small in numbers, however they have been becoming increasingly vocal, particularly after the Persian Gulf War. Their criticisms are finding a broader audience who are sympathetic and supportive of their views.

These ultra-conservative opposition groups criticize the government for permitting interest in banking, for making alliances with atheistic powers such as the United States, for abusing their royal privileges, and for disregarding the Islamic concept of governing, which is shura or consultation⁵³

In essence the Islamic groups have been riding a high off of the feelings of inadequacy many Saudi citizens felt after the Gulf War. Many questioned why Saudi Arabia could not defend itself and was so dependent on foreign assistance.

⁵²In Saudi Arabia there are many Islamic fundamentalist groups the three group's views reflected in this research are: The Muslim Brotherhood, the Mutawin, and the more recent Human Rights commission. Testimony of John Esposito, Professor at the college of Holy Cross before the subcommittee on Europe and the Middle East of the House Foreign Affairs Committee, June 24, 1985

⁵³Caryle Murphy, "Saudi Arabia: A True Islamic Society?," The New York Times 28 April 1992, p. A 19

More importantly for what purpose had the government been spending all those billions of dollars in sophisticated defense systems and weaponry, if they still were so dependent on the United States?

The Mutawin known formally as the Committee for the Promotion of Virtue and Prevention of Vice, are enforcers of an austere, often anti-western fundamentalism.⁵⁴

These guardians of the faith since 1990 have been stepping up their activity. They have conducted raids on homes, enforced public prayer, and the prohibition of alcohol and segregation of the sexes. Although this is their customary role, the vigilant and zealous manner in which they have recently decided to enforce Islamic principles is a departure from that role.

Earlier this year a group of 6 militant scholars announced the formation of a Human Rights Committee

They were expected to use this platform to press demands to further institutionalize the power of the Islamic clergy over Saudi society and restrain the pace of modernization⁵⁵

The Saudi Government sensitive to any internal conflict was unusually lenient on these groups. However the

⁵⁴ The Mutawin has a long tradition in the Islamic faith and was institutionalized by the state in the 1930's. The Mutawin are empowered to educate, encourage prayer, and in cases of public flouting of Islamic law to apprehend offenders. Tony Horowitz, "With the Gulf War Over, Saudi Fundamentalists Reassert Themselves," The Wall Street Journal 2 May 1991, p.A1

⁵⁵Youssef M. Ibrahim, "Saudis Crack down on a Dissident Islamic Group," The New York Times 14 May 1993, p.

limits seemed to have been reached with the forming of this particular group. The Saudi government immediately removed the leaders from their positions at the university and ordered the closure of two fundamentalist lawyer offices. Other measures to control extremists were also enacted:

- banned the collection of money for charitable Muslim causes inside Saudi Arabia without the expressed permission of the Interior minister. This was an attempt to restrain the flow of money to these groups estimated to be approximately one million dollars
- instituted an active intelligence exchange with Egypt and Tunisia
- highly publicized the crackdown on extremist as a warning to other factions ⁵⁶

b. Modernists

The major antagonists to the Fundamentalist groups are the members of the middle class, many of whom have been educated in the west and have been exposed to western Democratic principles. Modernists who are also small in numbers believe that Saudi Arabia

which has virtually modernized all aspects of material life, roads, telecommunications, transportation, cannot become a truly modern nation if it remains shackled by religious fundamentalists⁵⁷

⁵⁶ Ibid., p.

⁵⁷Youssef Ibrahim, "Arid Times now for Saudi Arabia's Modernizers," The New York Times 11 November 1991, p. A4

These modernist welcome foreign exposure to the kingdom, in hopes that it would bring greater diversity to a country tightly guarded from the outside world. The request that holds the highest priority for this group is more representation in the governing process. They have and will in the future continually press King Fahd for greater participation in the future.

King Fahd in response, has established a consultative council and a set of constitutional articles. This council provides an outlet for discussion of government operations to Saudi citizens.

The royal decree gives some of the govenors more autonomy, however, the power still rests with the King who can disband them at anytime. It also broadens the line of succession from just the sons of King Abdel-aziz Bin Abdelrahman al-Saud, to the sons of his sons... voting for an heir will be in the form of an electoral college....⁵⁸

The King is quick to stress to the modernist as well as western liberals that this new council was established in accordance with Islamic law, and would not be resemble any western form of liberal Democracy (refer to Appendices A & B)

⁵⁸Youssef Ibrahim., "Saudi King Revisea System of Governing", The new York Times, 2 March 92, p.A1

Appendix A Ibid., p A8

Appendix B Ibid., p A8

c. Junior Princes and Ruling Elite

The vast numbers of princes and royal family members is potentially destabilizing for the monarchy. Personal ambitions and secret agendas was the cause of the monarchies loss of power in the eighteenth century. This power jockeying is present to this day.

The growing assertiveness of a second generation of well educated, wealthy, and ambitious princes competing for not only lucrative business opportunities but for positions of influence in the ruling family⁵⁹

2. External

Saudi Arabia began their bid to ensure stability on the peninsula, by in 1974 settling her longstanding dispute with the united Arab Emirates over the Burami Oasis. The Saudis also attempted to help their neighbors ability to counteract any internal or external threats to their survival.

In fact, by the end of 1979, Saudi Arabia had succeeded in coordinating the activities of the various intelligence organizations and establishing Saudi Arabia as the central overseer of security activities in the area.

The ultimate achievement of the al-Saud family's efforts to establish their influence on the peninsula is likely the formation of the Gulf Cooperation Council (GCC), composed of Saudi Arabia, Kuwait, Qatar, Bahrain, the UAE, and

⁵⁹Caryle Murphy "Glass Ceiling in the House of Saud: Princes find few Jobs at the top," The New York Times 15 March 1992, P.A 25

Oman, which was formed in 1981, with aim to "coordinate and unify the economic, industrial, and defense policies."⁶⁰

a. Iraq

Although Iraq's invasion of Kuwait has been reversed, although not neutralized, the Saudis have been forced, through it to realize that they cannot ignore the potential threat from the north. Although Iraq has substantial oil reserves of its own, the Ba'ath party, under Saddam's leadership, still maintains its claim to Kuwait, and thus remains a threat to the future security of the peninsula. Iraq's invasion of Kuwait shattered the goodwill that had been cultivated between Saudi Arabia and Iraq during the Iran-Iraq war, when the Saudis and other Gulf states had helped to bank roll Saddam's war efforts, in the spirit of Arab unity. For the Foreseeable future, concern over Iraq's intentions will be a major priority for Saudi security.

b. Iran

The greater long-term problem, however is the threat of Iranian hegemony over the Gulf region. To the relief of the al-Saud family, Iranian shia fundamentalist politics have not been well received among the largely Sunni population. However, if Iran's revolutionary leaders begin to experience major internal problems as they fail to deliver an

⁶⁰Richard F. Nyrop, ed., Saudi Arabia: A country Study (Washington D.C.: U.S. Government Printing Office, 1985), P. 53

improving lifestyle to their people, they may turn their attention across the Gulf, and attempt to rally their people against the corrupt al-Saud. While direct action against the Saudis seems unlikely, its Islamic fundamentalist rhetoric and long-standing irredentist claim to Bahrain are destabilizing to the Gulf's status quo.

c. Arab-Israeli Conflict

Finally an issue that has been at the fore front of Saudi foreign policy since the introduction of Zionists into Palestine. The multi-lateral negotiations that gave the Palestinians autonomy in the Gaza strip and Jericho. The peace sought by all parties including Saudi Arabia has lasted about as long it took the ink to dry on the official documents. The increased violence by extremists on both the Israeli and Palestinian side who were dissatisfied with the terms of the settlement is likely to have the result of adding to the support of Islamic fundamentalist groups. A consequence the Saudis find particularly distressing, since these groups challenge the Wahhabi state's claim to Islamic leadership.

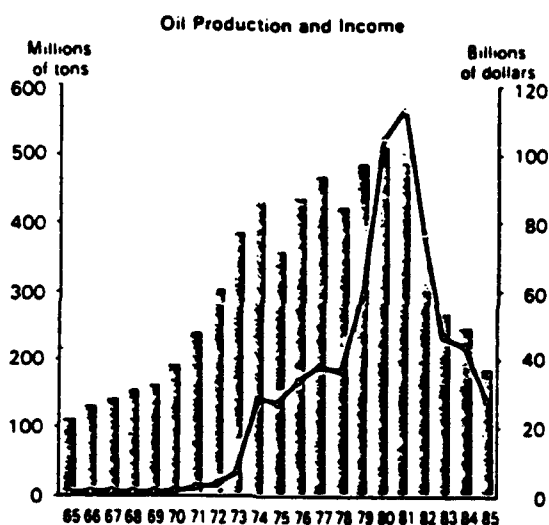
B. ECONOMIC

1. Modernization

The great wealth which has been made available to the Saudis through the exploitation of their oil reserves has been a blessing. It has allowed the al-Saud family provide for development of the society, provide for their defense, and

ameliorate the strains of transformation of their society into a modern economic and social structure. In the beginning "oil revenues increased slowly limiting the economic development that could be financed. In the 70's, however, oil revenues skyrocketed, rising from \$ 4.3 billion in 1973 to 22.6 billion in 1974."⁶¹

As indicated in the following figure, by 1981 their highest revenue intake, oil rents surpassed 100 billion dollars."⁶²



⁶¹Nyrop., p. 135

⁶²Moshe Brawer, ed., Atlas of the Middle East
(New York: MacMillan Publishing Company, 1988) p.60
Figure IV-1 Oil Production and Income

This new found wealth allowed the Saudis to embark on a massive modernization program. Plans for education, health, and social programs were initiated.

However the biggest plans were reserved for the modernization of its major industrial complexes Jubail and Yanbo. The modernization plan was designed to make Saudi Arabia less dependent on oil, agricultural assistance, and outside intervention.⁶³

However shortage of labor and regional conflict were to detract from total concentration on rebuilding of their infrastructure. The acquiring of large sums of Petro dollars had its benefits, such as allowing Saudi Arabia to catapult itself into the modern world, yet there were major drawbacks such as increased regional security concerns, mainly in the form of the establishment of the state of Israel and Soviet expansionist tendencies in the Middle Eastern region. The divergence of oil profits to defense expenditures was to become a staple of the Saudi National security agenda.

2. Defense Expenditures

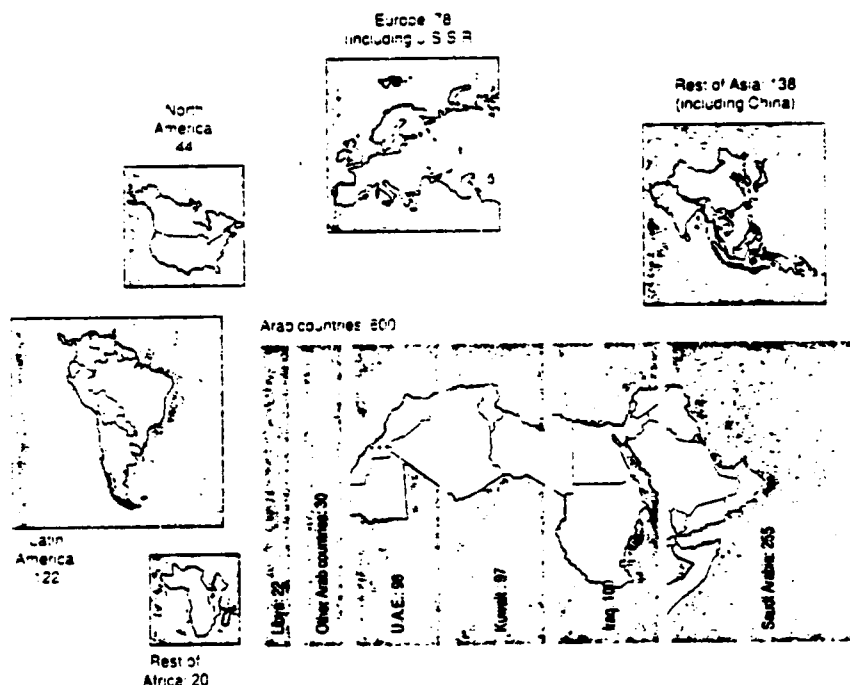
Many have characterized the Saudi Kingdom as a country built on a stack of folding cards due to its heavy reliance on its oil production capabilities and the revenue it creates. Any decline in this area would expose the internal vulnerability of the kingdom and severely curtail their defense program. The Saudis know from experience that a

⁶³Peter Hobday, Saudi Arabia Today: An Introduction to the Richest Oil Power (New York: St. Martin Press, 1978) p. 48-9

decrease in the oil market is not in their best interest, so as a major member of the Oil Petroleum Exporting Countries (OPEC), they have learned to manipulate various factors at Work in the International oil market.

Saudi Arabia unlike many of the OPEC members and international oil exporters, can afford to spend their oil rents (profits above the cost of production), as they see fit for two reasons:

- Their rents are far above what is needed to support their populations
- They have the largest proven reserves allowing them to produce oil for many years to come"⁶⁴



⁶⁴Rafic Boustani, Phillippe Fargues, ed., The Atlas of the Arab World: Geopolitics and Society (New York: Facts on File, 1990) p.85 Figure IV- 2 Proven Reserves of Crude Oil at the end of the 1980's

There is a caveat to this, it is in Saudi Arabia's interest to keep the price of oil per barrel at a moderate level, in order to maximize long term profits.

Ignoring this point will give their customers incentive to look for alternate sources of energy and/or new suppliers.

The Saudis never want to lose their ability to control the market. So the Saudi leadership:

will price their energy just below the costs of their closest competitors. Because of their reserves, they have little economic incentive to curtail development of their fields, which allows them to meet the demands for this century, at prices that prevailed in the mid 80's.⁶⁵

⁶⁵By the mid-late seventies consumers learned to conserve energy. Gas and coal prices expanded while oil demand contracted. Future behavior predicts that competing alternative fuels will hold down the oil price cycle. As this commodity is Saudi Arabia's primary source of revenue, it is in their best interest not to price themselves out of the market. Robert E. Looney, "World Oil Market Outlook: Implications for Stability in the Gulf States" Middle East Review, (1989/90), 32-3

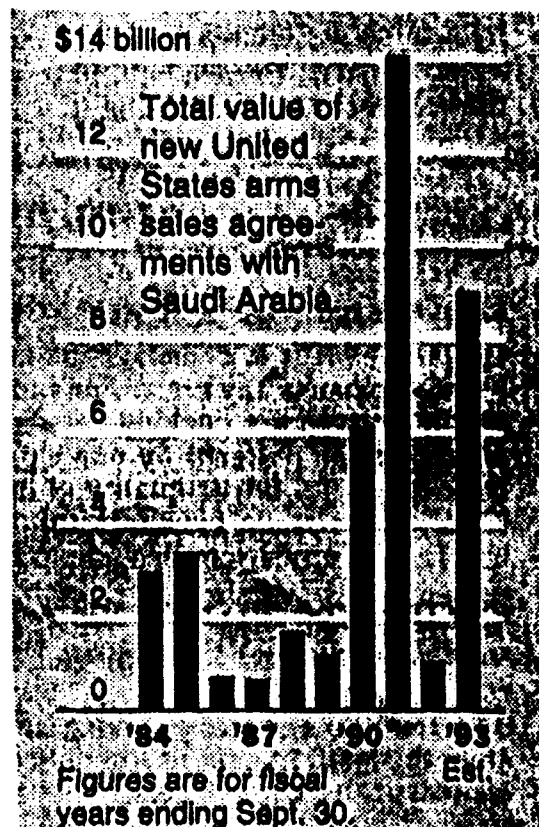
The pattern of defense expenditures for Saudi Arabia has been consistently increasing. From 1985-1989, Saudi Arabia ranked first in the area of military imports as a percentage of total world sales (see Figure iv-4 below)⁶⁶

*Leading Recipients of U.S. Arms
Transfers, Cumulative 1985-89*

Country	Amount Transferred	
	In Millions of Current Dollars	As Percent of Total U.S. Arms Transfers
Israel	6.100	10.1
Japan	5.300	8.8
Saudi Arabia	5.000	8.3
Australia	4.100	6.8
United Kingdom	3.200	5.3
Taiwan	3.000	5.0
Egypt	2.900	4.8
Spain	2.800	4.6
West Germany	2.600	4.3
South Korea	2.600	4.3
Turkey	2.500	4.1
Netherlands	2.200	3.6
Greece	1.800	3.0
Belgium	1.400	2.3
Italy	1.200	2.0

⁶⁶Figure IV-4 Leading Recipients of U.S Arms
Source; U.S. Arms Control and Disarmament Agency 1991

The amount in U.S. dollars from the period of 1984-1990 ranged from approximately 2.5-14 billion dollars (see Figure iv-5 below)⁶⁷



Saudi Arabia's annual defense expenditures continued to increase despite downturns on the economic stage. To minimize the effect domestically, the Saudis chose to initiate an economic development program.

⁶⁷ Figure IV-5 New York Times " Saudi Stability Hit by Spending over the Last Decade" 22 August 1993

This program was an attempt to:

Widen the tax base by increasing the taxes on foreign workers, decrease the number of items subsidized, and Secure loans from home and abroad⁶⁸

The policies theoretically were a step in the right direction, however the implementation of the program was too extreme, and sent shock waves throughout the country. This culminated in the reversal of policies due to the high political costs associated with their implementation.

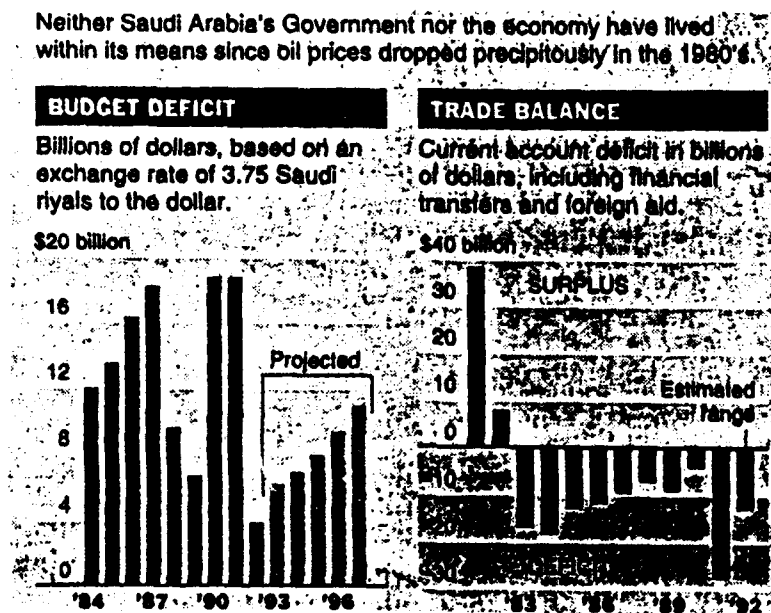
A more modest approach was needed and in response the kingdom initiated a series of five stage economic development programs.

- First Plan: (1970-75) a modest program for economic and social development
- Second Plan: (1975-80) due to a substantial increase in oil revenue, a massive urban modernization plan was implemented, particular emphasis was placed on increasing the industrial output in Yanbo and Jubail
- Third Plan: (1980-85) This strategy called for lessening of dependence on foreign sources, especially in the agricultural sector and attempted to provide incentives for more private investment in the economy.
- Fourth Plan: (1985-90) This plan focused on the civilian sector with emphasis on non-oil revenue-generating activities. This plan advocated greater economic and social integration and cooperation between the Gulf states
- Fifth Plan: (1990-95) This plan was to focus primarily on defense 34%, education receiving 19%, and health and social services 12%"⁶⁹

⁶⁸ Middle East Contemporary Survey, 1988 Vol XII " Saudi Arabia" p. 678

⁶⁹The Middle East and North Africa, 1992 ed., "Saudi Arabia"

The approximately ten year economic downturn and trade imbalance from 1983-'93, coupled with a "spending ratio of 38:1 in the late 80's, on defense spending vs health and social services"⁷⁰, begins to highlight some very real systemic problems for rent seeking states, like Saudi Arabia. (refer to figure iv-6 below) ⁷¹



These issues must be addressed if they are to insure their stability and prosperity for the future. Saudi Arabia has and will continue to be faced with the issue of "guns" vs "butter", and a novel word they seem to be unaware of or

⁷⁰Yahaya Sadowski, "The Middle East and Arms Control", Middle East Report, July-August 1992, p. 6

⁷¹ fIGure iv-6 The New York Times "Saudi Stability Hit By Heavy Spending Over Last Decade," 2 August 1993, p. 12

refuse to acknowledge... sufficient. This can be summed up by stating that the inability of the Saudis to make decisions about defense expenditures in times of recession and austerity, has been detrimental to their overall economic health. short sighted goals of increased spending in times of economic boom, indicates a lack of planning for bust cycles that are inherent in the nature of fluctuating oil markets.

The precarious balance that the Saudis must keep as it pertains to the world market, coupled with labor shortages, poorly structured economic infrastructure, and consistent internal and external threat, would seem to dictate a more pragmatic savings and expenditure program.

It has been established that Saudi Arabia, one of the United States principal allies, is heavily dependent on a commodity that is market sensitive and at times potentially unstable, as a key player in U.S. strategic planning, what implications do these areas of potential vulnerability have for the U.S.?

V. CONCLUSION

A. U.S. CONCERNS ABOUT SAUDI ARABIA'S STABILITY

The United States and Saudi Arabian special relationship, is like all other aspects of U.S. foreign and Defense policy; in a state of transition. This relationship is a by product of the Cold war and its various political realities, and as such should be carefully scrutinized.

- First, to ensure that the sixty-one year relationship between the two nations still fulfills the needs of both countries
- Secondly, in light of the U.S. reduction of its forces and the realities of operating a viable force on limited capital resources, the U.S. should ensure that our allies are able to assume the missions that are now beyond the control and capability of the United States

These two issues are of vital importance as the U.S. tries to define its role in this inherently unstable multi-polar system. It is no longer feasible for the U.S to consistently be at the helm or continue to have a paternalistic thrust to its policies toward its allies.

The degree of consensus building that was demonstrated during the Persian Gulf war, despite the diverse interests and backgrounds of the nations that formed the western alliance, is a positive indicator of what shared responsibility can accomplish.

Although the United States spear-headed the mission in this instance, in other conflicts we will and should see other participants in the alliance change, and the leadership should follow suit. Our allies particularly in the Middle East should be being groomed to assume this new leadership role.

Consensus building with shared political and fiscal responsibility, is the vehicle that will help the U.S. address the challenges of the future. For this to be a viable option, it is important that the U.S. not repeat its tendency to vacillate between international participation and isolationism, but to identify a moderate but clear position, one that favors being an influential actor among many, vice an influential actor operating unilaterally. The latter allows allies like Saudi Arabia to be reactive instead of proactive in its foreign policy objectives and in meeting its national and regional security needs.

1. Bottom Up Review...The New Grand Strategy

Clearly, supporting policies that enhance our allies will always be an integral part of the United States national security policy. U.S Defense strategy as articulated by former Secretary of Defense Les Aspin

. ...large forces can threaten regions important to the United States, because allies and friendly states are unable to match the power of such a potentially aggressive neighbor...we must prepare our forces to assist....⁷²

⁷² Les Aspin., The Bottom Up Review, (Washington D.C. : U.S. Department of Defense, 1993), p. 5

The means by which this is to be accomplished is:

via the promotion of new regional security arrangements and alliances, to improve deterrence and reduce potential aggression by hostile regional powers. Also the expansion and adaptation of our existing security partnerships and alliances....⁷³

For the United States, oil and Gulf security will also always figure prominently in its security agenda. A long term approach would have a U.S. Rapid Defense Force (RDF), physically located on the peninsula. In the Aftermath of the Gulf war there are plans to have "a brigade in Kuwait and preposition a second one somewhere on the peninsula"⁷⁴

From the United States perspective, Saudi Arabia would be ideal for the second area, however, its internal politics could not absorb the political fall-out of such a plan. The U.S should continue to assist the Gulf Cooperation Council (GCC) to shore up that security alliance, by providing:

- provide training
- engage in Joint Contingency Planning
- Joint exercises and maneuvers
- develop a Command, Control, and Communications Systems for future joint operations

⁷³ Ibid., p. 2

⁷⁴ Ibid., p. 15

- enhanced intelligence sharing⁷⁵

The Bottom Up Review is just the next phase of the Grand strategic approach, it is an initial starting point focusing on ideas, on how to reshape the armed forces of today, in order to meet the changes and challenges in the future. flexibility and fiscal responsibility are two concepts that in the future will direct our foreign policy goals and actions.

2. Economics and Politics

In keeping with the Grand strategic approaches method of analysis, the self inflicted economic stress that Saudi Arabia presently faces, should be a case of great concern to the U.S. Saudi Arabia our remaining pillar may become an albatross around our necks if the economic trends of the last decade, and particularly the downward economic trend after the Gulf war, continue without any genuine modification.

The Saudi government's involvement in the Persian Gulf War has only exacerbated and already declining Saudi economy and steeply cut into its capital reserves⁷⁶.

The United States concerns were verbalized by Richard G. Darman, President Bush's Budget Director, when he announced to Congress:

⁷⁵"A Postwar Gulf Defense System: Towards a New Middle East" (Washington D.C.: Coalition for Postwar U.S.policy in the Middle East, April 1991) p. 8-9

⁷⁶Stephen Engelberg, "Saudi Stability Hit By Heavy Spending Over The Last Decade," The New York Times, 22 August 1993, p.12

The war and weapon sales has put Saudi Arabia under considerable economic stress. They are now borrowing considerably to service their own needs⁷⁷

Other areas of concern are:

- The seeking of credit, and an ease in terms of payment for requested military purchases, and the cancellation of some military hardware
- 121 billion in Saudi financial reserves were virtually drained and From 1989 - 1992 increases in government debt to Saudi banks rose from 15.1 billion to 4 billion⁷⁸
- Sharp decline in military trust fund. In early 1992 the cash had dwindle so low it was close to the point at which stop work orders must be sent to contractors.⁷⁹

The failure of the Saudi regime to contract its expenditures during slack times has had serious consequences for it in the world financial market.

The Inter-Agency country exposure Review Committee a group of federal bank regulators reviewed their credit rating. There were calls for a downgrading of Saudi Arabia's credit status and only after a member of the Treasury Department Elizabeth Hughes argued their case did the board give Saudi Arabia a reprieve.⁸⁰

The United States has a great deal to be concerned about if Saudi Arabia does not reallocate resources from

⁷⁷Stephen Engelberg, "U.S.- Saudi Deals in '90's Shifting Away from Cash Toward Credit," The New York Times, 21 August 1993, p.A6

⁷⁸Stephen Engelberg, "Saudi Stability Hit by Heavy Spending Over The Last Decade," The New York Times, 22 August 1993, p. 1, 12

⁷⁹Stephen Engelberg, "U.S-Saudi Deals of the '90's Shifting Away from Cash Toward Credit," The New York Times, 22 August 1993, p. A6

⁸⁰Ibid., p.A6

defense and get its financial affairs managed. Saudi Arabia's monarchy has maintained power due to its ability to finesse the intricate political and social problems associated with modernization and by paying off potential enemies, and giving subsidies to its neighbors. Saudi Arabia's quest for security to the exclusion of everything else, has left them vulnerable to Islamic Fundamentalist influences.

U.S. support of Democratic reforms has had a messianic quality about it since the demise of numerous Communist states. The Democratic wave has not overlooked Saudi Arabia who vehemently opposes western inspired democratic governing in Saudi Arabia. The U.S. should not get caught making its judgements on modernist calls for liberalization, and pressuring the Saudis to integrate our principles in their government. The U.S. should only concern itself with one basic premise. A Democratic government is not a prerequisite for relations with the U.S., as long as the central power actions and goals are in alignment with U.S. objectives, a positive relationship can be fostered, regardless of its professed political orientation. This is the case with Saudi Arabia:

it espouses fundamentalists principles but...there is a discrepancy between rhetoric and actions⁸¹

The pattern of events economically and politically

⁸¹ Daniel Pipes., "Islamic Muslims and U.S. Policy," (Washington D.C.: Heritage Foundation, 1984), p,.3

is not compatible with the United States strategy for regional influence in the Middle East, access to moderately priced oil, and maintaining a friendly ally in a strategically and volatile region. Saudi Arabia has yet to show the political will to change its strategic thinking or fiscal spending patterns. In long term planning the United States must be prepared to have an alternative to Saudi Arabia or provide incentives for them to re-orientate their economy so that it is mutually beneficial to both countries.

Failure to do this will only serve to strengthen internal critics of the regime. The Islamic fundamentalist strain that is the under current of Saudi society will always curtail the range of options available to both the U.S and the Saudi government. The assistance that we give to Saudi Arabia must be unintrusive so as not to upset the internal balance of the kingdom. A plan focusing on cooperation is more appropriate for the future, this concept implies an equalization of power, and the amelioration of some of the factors that make U.S presence highly visible and disrupt Saudi society.

3. Arms

Saudi Arabia's purchase of arms has in many instances led to its current problems. Security concerns has caused them to purchase weapons for deterrence purposes, as well as, ensure their stability in the region. The Gulf war showed

that these weapons were mere symbols of prestige rather than instruments of security.

The issues of arms proliferation is extremely problematic for the U.S., who for decades followed policies that facilitated the arms race. Arms sales have been extremely profitable for the U.S. and has helped the domestic economy, however in these constrained economic times to continue to expect Saudi Arabia to carry the U.S. Defense industry is not in either parties best interests in the long-term. Saudi Arabia's ability to absorb more military equipment has reached a point of saturation:

it cannot help create jobs, help the defense industry transition out of the Cold war, improve U.S. balance of payments, or make Saudi Arabia safe.... Increases in weapon sales would sharply increase Saudi debt and dependence on America, and give fundamentalists ammunition against the government...the U.S. would be creating instability for Saudi Arabia⁸²

Finally, U.S. unilateral constraints on arms control will not create regional stability. With the wealth of arms producing nations such as the former Soviet states, availability of supply will not be an issue for Middle Eastern states who want to acquire them. The U.S can encourage Saudi Arabia to curtail its arms procurement, but if security continues to supersede all other factors Saudi Arabia will get its hardware from these other sources.

⁸² Stephen Engleberg., "U.S Saudi Deals in 90's Shifting Away From Cash Toward Credit", The New York Times, 21 August 1993, p.A6

The areas of instability highlighted in this research are not intended to be a fatalistic forecast on the state of relations between these two countries, it is a examination of real problems that exist in the alliance and within Saudi Arabia that the U.S. should consider when formulating its strategic policy for a post Cold war environment.

APPENDIX A

CONSULTATIVE COUNCIL

THE KING

He retains supreme power, but the process of choosing a King is revised. A new King will be chosen by the equivalent of an electoral college of royal family princes. Also, the King will have the right to appoint or dismiss the Crown Prince. The Crown Prince no longer has the automatic right to the throne. The pool of potential Kings is being expanded to include the younger members of the royal family.

THE CABINET

The Council of Ministers performs the executive functions a cabinet performs in other governments. Most ministers are commoners, but key ministries are held by royal family members, continuing the concentration of power in the hands of the members of the House of Saud.

THE NEW CONSULTATIVE COUNCIL

60 Saudi citizens, to be chosen by the King, will serve on the new Council. The Council will have the right to initiate laws and review all foreign and domestic policies, which until now were the sole preserve of the King, senior royal family princes and cabinet ministers.

THE GOVERNORS

The Governors of Saudi Arabia's 14 provinces acquire new autonomy in setting priorities on spending and development. As in the past, they answer directly to the King.

THE NEW LOCAL CONSULTATIVE COUNCILS

New consultative councils, each numbering 10 citizens, will be established for each Governor. These 10 council members are to be appointed by the Governors in consultation with the Interior Minister.

APPENDIX B
CONSTITUTIONAL ARTICLES

ARTICLE 1

... A Consultative Council shall be established according to His law and in concordance with the Book of God and His Prophet, to retain ties of brotherhood, cooperation and faith.

ARTICLE 3

The Council will consist of 60 members and a president, chosen by the King, from among people of knowledge and expertise and specialists. The duties, obligations and rights of its members and all related matters will be set by a royal order.

ARTICLE 4

Each member of the Council shall be:

- a) Saudi of nationality, birth and origin;
- b) Known to be a person of virtue and ability;
- c) Not younger than 30 years of age....

ARTICLE 6

Should any member of the Council neglect his duties, the member shall be investigated and tried according to rules to be issued by royal order.

ARTICLE 8

Members of the Council are not entitled to use their position to their advantage.

ARTICLE 9

It is not possible to retain membership in the Council in conjunction with any Government post or the management of any company unless the King sees a need for this.

ARTICLE 13

The Council's duration is four years starting with the date of its formation by royal decree. The new Council is to be formed two months before the end of the current Council. Upon the formation of a new Council it must be observed that at least half of its members must be new members who have not served in the previous Council.

ARTICLE 15

The Council shall give its opinion in the general policies of the state which are referred to it by the Prime Minister. The Council's specific duties are:

- a) To review the general plans for economic and social development rendering its opinion about those plans;
- b) To study laws, agreements, alliances, international accords and concessions and to give its opinions concerning them;
- c) To debate annual reports submitted by ministries and other Government organizations and to issue its opinion concerning them.

ARTICLE 16

A quorum of two-thirds of the membership, including the president or the deputy, is required to hold a meeting. Resolutions are only valid if passed by a majority.

ARTICLE 17

Decisions of the Council will be referred to the Prime Minister, who will transfer them to the Council of Ministers. If the views of the Council are in agreement with the Cabinet the King shall approve of the decisions. If there is disagreement, the King shall make the decision.

ARTICLE 18

Laws, alliances, international agreements and concessions will be issued by royal decree after their review by the Consultative Council.

ARTICLE 19

The Council is empowered to form specialized committees to carry out its functions and is entitled to look into any matter that is on its agenda.

ARTICLE 20

The Council can engage the expertise of any person it wishes after the agreement of the president of the Council.

ARTICLE 21

The president of the Council is empowered to require from the Prime Minister the presence of any Government official at the Council's meetings provided the Council is looking into matters under the responsibility of that official. The Council will allow the Government to invite those officials to participate in its deliberations but they shall have no right to vote.

ARTICLE 23

Any 10 members of the Council have the right to suggest projects for new laws or to amend existing laws and to present them to the president of the Council. The president will refer these propositions to the King.

ARTICLE 24

The president of the Council has the right to ask the Prime Minister to make available to the Council any documents, data or information in the possession of the Government that the Council deems necessary to facilitate its work.

ARTICLE 27

The Council shall have its own budget approved by the King. The manner of spending these budgets will be undertaken according to royal decrees that will be issued.

ARTICLE 30

This law cannot be amended except in the manner in which it was issued (i.e. by royal decree).

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